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UNCTAD'S CONTRIBUTION TO THE IMPLEMENTATION OF THE UNITED NATIONS NEW AGENDA FOR THE DEVELOPMENT OF AFRICA IN THE 1990s

Note by the Secretary-General of UNCTAD

CONTENTS

		Paragraphs
Mandates and purpose		1 - 7
PART I:	UNCTAD's contribution to the United Nations New Agenda for the Development of Africa in the 1990s	8 - 77
	A. Contributions of UN-PAAERD and lessons for the New Agenda	8 - 13
	B. The United Nations New Agenda for the Development of Africa in the 1990s	14 - 24
	(i) Africa's responsibility and commitment	15 - 20
	(ii) The responsibilities and commitment of the international community and actions required	21 - 24

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CONTENTS (continued)

	Paragraphs
PART I (cont'd)	
C. Implication for UNCTAD's work	25 - 77
(i) General	25 - 29
(ii) Achievement of sustained and sustainable growth	30 - 32
(iii) Population, environment and development	33 - 34
(iv) Intensification of the democratization process	35 - 36
(v) The human dimension	37 - 39
(vi) Promotion of regional cooperation and integration	40 - 43
(vii) South/South Cooperation	44
(viii) Agriculture, rural development and food security	45 - 46
(ix) Trade in commodities and diversification	47 - 53
(x) Trade	54 - 55
(xi) Solution to Africa's debt problem	56 - 58
(xii) Resource flows	59 - 63
(xiii) Investment promotion (foreign direct investment)	64 - 67
(xiv) Technology	68 - 69
(xv) The role of non-governmental organizations)	70
(xvi) Follow-up, monitoring of, and implementation of the New Agenda	71 - 75
PART II: The United Nations System-Wide Plan of Action for African Economic Recovery and Development	76 - 80

MANDATES AND PURPOSE

1. For the second part of its thirty-seventh session, the Trade and Development Board had before it a note by the UNCTAD secretariat (TD/B/1265), prepared in response to Board decision 372 (XXXVI), suggesting possible areas to be covered in UNCTAD's intergovernmental input into the United Nations General Assembly's final assessment of the UN-PAAERD in 1991.

2. In paragraph 13 of its resolution 389 (XXXVII), of 22 March 1991, pursuant to its own final review and appraisal of the implementation of the UN-PAAERD (1986-1990), the Trade and Development Board requested the Secretary-General of UNCTAD to continue, within his mandate, his efforts to provide assistance to African countries, including continued analysis and research relating to problems of interest to Africa, as well as technical cooperation programmes in Africa and to ensure that needs appraisal missions of the secretariat covered all regions of Africa.

3. In its resolution 46/151, of 18 December 1991, the General Assembly adopted the assessment of the implementation of UN-PAAERD, as well as the United Nations New Agenda for the Development of Africa in the 1990s (annexed to that resolution), and requested Governments, organs, organizations, and bodies of the United Nations system to take appropriate measures in order to implement the commitments contained in the New Agenda.

4. The eighth session of UNCTAD agreed on areas which should serve as orientations for developing fresh approaches to long-standing issues and for insights for pursuing relevant new lines of work. The Conference also agreed that intensified international cooperation for development involved fresh approaches to traditional areas, including development finance, concerted efforts to fight poverty, special measures to promote developing countries' exports, special action for LDCs, the United Nations New Agenda for the Development of Africa in the 1990s, and the United Nations System-Wide Plan of Action for Africa, as well as economic cooperation among developing countries.

5. The arrangements set forth in paragraph 66 of the final outcome of UNCTAD VIII (The Cartagena Commitment), call for, inter alia, for one part of the sessions of the Trade and Development Board to address and respond fully to requests made by the General Assembly for consideration of particular issues including, notably, UNCTAD's contribution to the United Nations New Agenda for the Development of Africa in the 1990s.

6. The purpose of this note is to propose, in a preliminary way, actions to be taken as UNCTAD's contribution to the implementation of the two main United Nations programmes on Africa: The United Nations New Agenda for the Development of Africa in the 1990s; and the United Nations System-Wide Plan of Action for African Economic Recovery and Development.

7. The first part of the note deals with the United Nations New Agenda for the Development of Africa in the 1990s, UNCTAD's contribution to its implementation and its implications for UNCTAD's work. Part II of this note outlines very briefly the background to the United Nations System-Wide Plan of Action for African Economic Recovery and Development.

Part I

UNCTAD'S CONTRIBUTION TO UNITED NATIONS NEW AGENDA FOR THE DEVELOPMENT OF AFRICA IN THE 1990s

A. Contributions of UN-PAAERD and lessons for the New Agenda

8. The final review and appraisal of the implementation of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 (UN-PAAERD) concluded that the circumstances which had led to the adoption of UN-PAAERD in 1986 were as valid in the 1990s as they had been then. 1/ Assessments by the African countries themselves, the Secretary-General of the United Nations, other organizations and independent observers noted that Africa's overall socio-economic conditions had worsened over the UN-PAAERD period. The number of African LDCs had increased, the debt burden remained a major constraint on development, the terms of trade had worsened and resource flows had, at best, stagnated in real terms.

9. The view that "the African economic crisis is one that concerns the international community as a whole" had been reaffirmed during the final review of UN-PAAERD. However, the African countries rejected a mere repetition of UN-PAAERD principally because it was realized that programmes without specific goals were not likely to contribute significantly towards ameliorating Africa's present situation. 2/ That is why, in part, the new programme has the objective of an average real growth rate of at least 6 per cent per annum of gross national product (GNP) throughout the period of the New Agenda. That rate of growth is important as the continent has a population growth rate of 3 per cent per annum. This will entail greater domestic resource mobilization efforts, and will require substantial increases in domestic savings.

10. It is now generally accepted that although the problems which gave rise to the international initiative establishing UN-PAAERD had not been substantially reduced, several gains had nevertheless been achieved. First, many African countries had become more aware of the need for reforms: some did indeed benefit through export growth and strengthened ability to cope with external shocks. Secondly, there was increased international awareness of the size and complexity of the problems. Thirdly, the debate on structural adjustment revealed the need for a policy mix which combined appropriate macroeconomic and short-term measures with longer-term development objectives aimed at structural transformation and growth in African economies. Furthermore, a number of African countries had started moving towards more participatory forms of government.

11. By the end of UN-PAAERD, at least two thirds of the African economies in sub-Saharan Africa had embarked upon the difficult and trying process of stabilization and structural adjustment in response to external payments problems. Progress in this area was uneven and insecure. While the economies of many of the countries undertaking adjustment and reform programmes registered various degrees of improvement, greater insights into the nature of the problems associated with structural adjustment programmes were also gained. Many countries, for instance, were unable to reconcile the objectives

of external balance, price stability and economic growth. In most cases, initially at least, policees were geared primarily towards quickly achieving external balance and internal price stability which either failed or recorded successes only by sacrificing employment, growth and distributional objectives. Even then improvements in some cases tended to be ephemeral. This was inherent in the nature of the design of such programmes which were demand-restraint oriented. It is now generally recognized that a new strategy of economic recovery and development for Africa in the 1990s will involve a much longer time horizon than was implicit in the first generation structural adjustment programmes, as most important investments and policy changes have long gestation periods.

12. During UN-PAAERD period it became clearer also that a sustained and internally consistent set of government polices backed by a predictable flow of the necessary external resources were essential to success. Experience with these programmes has shown that no unique formula for economic reform exists. Programmes need to take into account each country's particular economic structure and capacity for change. The view that these reform programmes must have, as their ultimate objective, structural transformation of African economies which would reduce the region's excessive vulnerability to external shocks and set it on the path of viable self-sustaining economic growth and development is now better appreciated.

13. While efforts must continue to elicit support from the international community, African countries' best chances of success lie in the continued pursuit and deepening of reforms to stimulate their economies, to put them on the path of sustainable development and protect them from external shocks. Regional cooperation and integration are likewise indispensable if African countries are to strengthen their position within the global economy. The international community, especially the multilateral institutions, could support these efforts, by expanding their programmes of assistance while at the same time adapting them to respond to the weaknesses observed in the earlier programmes.

B. The United Nations New Agenda for the Development of Africa in the 1990s

14. The follow-up to General Assembly action on UN-PAAERD resulted in the adoption, unanimously, of General Assembly resolution 46/151 together with its annexure, the United Nations New Agenda for the Development of Africa in the 1990s, on 18 December 1991. 3/ All major activities concerning Africa within the United Nations system are expected to derive from and be guided by the New Agenda. The main ingredients of the Agenda envisage actions to be taken by African countries themselves as well as by the international community in support of the former's own efforts. This section outlines in brief the main elements of the New Agenda for Africa.

(i) Africa's responsibility and commitment

15. African countries are expected to take actions in a number of areas, including: sustained and sustainable development; regional and subregional economic cooperation and integration; intensification of the democratization process; investment promotion; human resources development; environment and

development; population and development; agricultural and rural development and food security; South/South cooperation; enhancing the role of non-governmental organizations.

16. The Agenda recognizes that regional and subregional cooperation and integration are essential for the transformation of the African economies. For this reason, African countries are in the process of establishing the African Economic Community, and the Treaty to this effect was signed by African leaders on 3 June 1991, in Abuja, Nigeria. Efforts are being made to improve effective functioning of the subregional organizations.

17. Growth and development on a sustainable basis in Africa require a continuous process of reform and adaptation, improvement of domestic economic management, more effective mobilization and utilization of domestic resources and, the involvement of the people and their full participation in the process of development. Efforts towards democratization include the full implementation of the Africa Charter on People's and Human Rights, the African Charter for Popular Participation in Development and Transformation and the Declaration of the Organization of African Unity (OAU) Heads of State and Government at their 1990 Summit on the Political and Socio-Economic Situation in Africa.

18. The capacity to undertake development activities and achieve the objectives set will depend, to a great extent, on the efficiency and quality of available human resources. The New Agenda envisages, therefore, that African countries will intensify their efforts in human resources development, and capacity building, especially in science, technology and management and in institution building, and take measures to arrest and reverse the brain drain.

19. Emphasis will be placed on an integrated approach involving contributions from all sectors. This will involve a commitment to the promotion of sectoral integration and to ensuring the development of reliable networks of physical, industrial and institutional infrastructure on the continent. The implementation of programmes for the second United Nations Transport and Communications Decade in Africa (UNTACDA) and the second Industrial Development Decade for Africa (IDDA) will make important contributions in this area.

20. The African Common Position, adopted at the African Regional Conference on Environment and Development in Cairo, Egypt, in July 1991, accepts that strategies pursued should be environmentally sound. In the field of population, Africa would continue to implement the Kilimanjaro Plan of Action of 1984, which is Africa's framework for devising national population policies in all their interrelated aspects, including child care, family planning and female education. The continued pursuit of policies and strategies for the achievement of food self-sufficiency as an area of priority action during the decade of the 1990s is also a major objective of the New Agenda.

(ii) The responsibilities and commitment of the international community and actions required

21. The adoption of the New Agenda for international cooperation with Africa, and the compact to ensure its effective implementation, is a demonstration of the declared commitment of the international community to assist Africa in its effort to tackle daunting socio-economic problems, on the basis of Africa's own agenda for the 1990s. To be effective, however, the support and commitment of the international community will need to be translated into concrete actions targeted at achieving the broad objectives of the New Agenda in a number of key areas. These include, solution of Africa's debt problem, increasing resource flows, notably foreign direct investment; commodities; support for the diversification of the African economies; trade; support for regional economic integration; environment; science and technology; the role of the United Nations system; and the role of non-African non-governmental organizations.

22. A critical element in the support of the international community is the provision of adequate resources, including foreign direct investment, consistent with Africa's needs for debt service, growth and development through the 1990's. The New Agenda estimates this at a minimum of net external resource flows of US$ 30 billion in 1992 and growing thereafter at 4 per cent per annum in real terms. A debt service burden of 30 per cent puts enormous strain on the resources of African countries, leaving hardly any balance to invest in development. At the same time, the problem of diversification of Africa's commodities' sector and encouraging increased transformation of primary commodities into processed goods requires greater attention.

23. There are now 32 least developed countries (LDCs) in Africa. The international community has acknowledged special responsibility towards these countries within the framework of the principles and commitments set out in the Programme of Action for the Least Developed Countries for the 1990s. The strategies and priorities identified in the New Agenda for the development of Africa correspond closely to those of the Programme of Action. In the area of external resources, in particular, the Programme provides for a set of alternative aid targets; and the international community collectively committed itself to making available a significant and substantial increase in the aggregate level of external support. At the eighth session of UNCTAD, the LDCs and their development partners reaffirmed their commitments undertaken in the Programme of Action as well as their continued determination to implement these fully, effectively and in a timely manner.

24. The United Nations system and non-governmental organizations also have an important role to play in the implementation of the New Agenda and additional efforts need to be made for them to provide an enhanced level of support within the framework of the New Agenda.

C. Implication for UNCTAD'S work

(i) General

25. The broad objectives of the New Agenda are not very different from those of its predecessor (UN-PAAERD). Operative paragraph 3 of General Assembly resolution A 46/151 requests Governments, organs, organizations and bodies of the United Nations system and non-governmental organizations to take appropriate measures in order to implement the commitments contained in the New Agenda.

26. The intergovernmental machinery of UNCTAD is engaged to respond fully to the request of the General Assembly. In this regard, previous decisions of UNCTAD's Board (decision 363 (XXXV) and its annex, in particular), in the areas of policy research and analysis, as well as technical assistance, remain valid. In assisting the Trade and Development Board to discharge its responsibilities under the General Assembly resolution, the secretariat will be guided by Section B, Part III, in particular, paragraphs 50 and 51 of the Cartagena Commitment.

27. The substantive work will consist, as agreed by the Conference, of a dynamic and progressive sequence involving the initial identification of relevant issues, the carrying out of high-quality analyses which would benefit from external inputs from governmental and non-governmental experts and actors, intergovernmental consultations and deliberations, dialogue, and interaction aimed at identification of areas of convergence on appropriate forms of action.

28. In regard to policy research and analysis, there will be a need in some cases for in-depth work involving Africa-specific studies on issue areas such as, foreign direct investment and resource flows, debt, commodity sector policies, inter alia, (as suggested in the Fraser Group Report), 4/ regional integration, trade and market access. In the African context, there are strong links among national and structural adjustment policies, commodity trade, population growth, poverty alleviation, and the environment. This calls for specialized studies to examine the issues fully with a view to putting in place appropriate remedial measures. Technology issues are likewise important as they relate to trade in goods and services, investment finance and the environment.

29. Research and analysis in these areas will initially draw on existing work within the secretariat. However, to the extent that the general tenor of UNCTAD analyses tends to be global, there will be a need for region-specific in-depth studies on Africa, in some cases to provide the analytical underpinnings for appropriate policy recommendations. The Cartagena Commitment also calls for analysis to be based on country experiences, taking into account differences between countries and regions. In this regard, the Standing Committees of the Trade and Development Board and the Ad hoc Working Groups could, by responding to this request in their work, provide some of the analytical basis for UNCTAD's eventual action. However, considering the orientations that have emerged from the eighth session of the Conference, and the fact that the general global analysis usually undertaken by the secretariat

may not always provide a complete basis for region-specific recommendations, there may be a need in certain cases to undertake specific studies. The topics dealt with are illustrative of some of the issue areas where UNCTAD could make a contribution to the implementation of the New Agenda. They follow, as far as possible, the order indicated in the New Agenda. The order followed in this note first deals with issues amenable to national action, followed by those relating to subregional and regional cooperation, South/South cooperation, and lastly, issues of international cooperation.

(ii) Achievement of sustained and sustainable growth

30. As noted above, the target average annual growth rate of 6 per cent per annum for GNP in the 1990s implies increased efforts at resource mobilization in many African countries. The ratio of gross domestic savings to GDP for Africa, excluding South Africa, has declined from 16.1 per cent in 1980-1984, to 12.8 per cent in 1990. The respective ratios for sub-Saharan Africa were 5.5 and 4.1 per cent. These rates of saving are not high enough to support the target growth rate. Improvements in productivity, efficiency in management and continuation of sound economic policies will also be essential. The need for structural adjustment policies and policy reforms is no longer in doubt. There is, however, a further need for continuous improvements in the design, policy mix and orientation of programmes, particularly to adapt them to the special requirements of countries undertaking them.

31. It will be necessary to compare the performance of African countries undertaking various adjustment programmes; drawing upon work in other institutions as well as within UNCTAD. The aim would be to learn from successes and failures which could guide UNCTAD's contribution to the search for improved approaches to structural adjustment, growth and development in Africa. In this area, as in others, such as population policy, environment, food production, etc., the analysis would aim at "providing constructive approaches, as well as viewpoints and at generating political impulses" 5/ on matters within UNCTAD's purview to be considered by other institutions. The analysis should also bring out areas within UNCTAD's purview where further support, including technical assistance, could be provided.

32. In the area of sustainable development, the Plan of Action to Combat Desertification remains a viable framework for cooperation. Persistent droughts, desertification, and environmental degradation arising from population pressure and trade are major problems facing Africa. The exploitation of non-renewable or long-term renewable natural resources to meet human development needs is a major source of pressure. The eighth session of UNCTAD attached great importance to environmental issues in the context of sustainable development. In addition to the relevant provisions of the Cartagena Commitment, UNCTAD's support for African countries will also be guided by the outcome of the United Nations Conference on Environment and Development.

(iii) Population, environment and development

33. The commitment of African countries to integrate population factors into their development process through the implementation of their relevant programmes and declarations is clearly stated in the New Agenda. Although questions of population per se do not fall within UNCTAD's purview, they nevertheless have serious implications for overall development, incomes, welfare, poverty alleviation, and the environment. Between 1980 and 1990, the annual average rate of population growth in Africa was 3.1 per cent compared with 1.7 per cent globally, 2.1 per cent for Latin America and the Caribbean, 1.9 per cent for Asia and 0.5 per cent for OECD countries. Clearly there is need for concern about population growth trends in Africa mainly because of the strain of population dynamics on resources. Many African countries and an increasing number of donors are moving to the realization that policies to bring population growth to levels compatible with sustainable growth have become an indispensable variable in the development equation.

34. The secretariat's contribution will consist of the inclusion of analyses of population issues in its report to the Trade and Development Board, drawing largely upon information generated in the relevant competent forums. Such analyses will seek to place population issues in the context of UNCTAD's mandate, e.g. the relationship between population growth, incomes, and availability of social services, the effects of population pressure on the land, the links between population growth and the environment, raising awareness of their implications and encouraging remedial action in the appropriate quarters. This report, together with the Board's deliberations thereon, could serve as a useful input to the International Conference on Population and Development in 1994.

(iv) Intensification of the democratization process

35. The need for full participation of the people in the development process is now firmly acknowledged. African countries have declared their determination to proceed with the democratization of the development process and the full implementation of the various commitments undertaken by them in that regard. 6/ A number of Governments in Africa are already taking steps towards more open and democratic forms of government. This process needs to be broadened and deepened as a complement to improved management and involvement of nationals in their governance.

36. The secretariat, through its coverage of developments in this area in reports to the Trade and Development Board, will seek to encourage the process and elicit support for it.

(v) The human dimension

37. Under this rubric, the New Agenda is committed to human rights, poverty alleviation, gender issues and child care. There is also a commitment to human resources development and to institutional and management capacity building.

38. African countries need more support to make greater inputs to the development of national policies and structural adjustment packages and to

manage them efficiently. Even countries with some ability to develop largely home-grown programmes face problems of management capacity for these programmes. UNCTAD's contribution, within its mandate to implement the New Agenda in this particular area, has been re-enforced through the creation of the Special Committee on Poverty Alleviation.

39. UNCTAD's technical assistance programmes for Africa must be selective, and targeted to support expressed and assessed needs. Sectoral support requirements will need to be reviewed to make them consistent with agreed priorities of the African countries and their development partners. Technical assistance to Africa should be well focused. In view of the importance of national policies and their wider implications for growth, development and poverty alleviation, greater attention will have to be paid to national capacity-building in this area. The second priority is regional cooperation and integration. In this area, UNCTAD already has a strong technical cooperation programme in Africa. To this end, further support from UNCTAD in the 1990s will be essential.

(vi) Promotion of regional cooperation and integration

40. African countries believe strongly that regional cooperation and integration will assist the process of effective transformation of their economies. To this end, they are committed to the establishment of the African Economic Community (AEC). The treaty establishing the AEC was signed by African leaders on 3 June 1991 at Abuja, Nigeria. As part of the process of building up the AEC, it will be necessary to rationalize and strengthen existing regional and subregional institutions. The strengthened and more efficient subregional institutions will thus form the building blocks of the larger AEC. An important component of the process will be the promotion of sectoral integration in the areas of agriculture, and physical, industrial and institutional infrastructure. Harmonization of national policies will be important as well.

41. The support of the international community will be vital to Africa's efforts to bring the African Economic Community into operation. In particular, assistance will be required from UNCTAD in the preparation of background studies on the elaboration of protocols, and in the process of rationalization, strengthening and improving the effectiveness of the existing subregional intergovernmental organizations (ECOWAS, PTA, ECCAS and AMU) as part of the AEC formation. UNCTAD is already engaged in substantial work in this area in Africa.

42. However, UNCTAD's contribution to the promotion of regional integration will be based on an analysis of past and ongoing efforts in this domain. Drawing on experiences from within the region and outside, the secretariat will try to distil from existing studies and analyses, as well as from the work of the Standing Committee on Economic Cooperation among Developing Countries, the salient elements of an effective approach to regional cooperation and integration as a basis for its support to Africa in this area. Where necessary, and depending on the availability of resources, specific studies could be undertaken to provide supplementary analyses of proposed actions. For example, the results (both successes and failures) of regional cooperation and integration efforts in Africa could be examined

through comparative analyses with a view to learning from these experiences. There is merit, for instance, in comparing the SADCC cooperation approach with similar regional cooperation groupings such as the river and lake development organizations, and ascertaining whether some aspects could not also be adopted, if appropriate, by subregional/regional integration groupings such as ECOWAS and PTA. Similar analyses could be undertaken for regional integration groupings, such as comparing ECOWAS and PTA. Lessons drawn from relevant comparative analyses could highlight new orientations to bear upon UNCTAD's technical assistance support in this area for Africa. In addition, as mentioned above, strong support will need to continue on the preparations leading to the establishment of the African Economic Community.

43. Furthermore, UNCTAD's traditional technical assistance activities relating to the removal of impediments to trade expansion, as well as other impediments such as inadequate trade-information systems, marketing networks, transport and customs, monetary, exchange and payments arrangements will be pursued.

(vii) South/South cooperation

44. South/South cooperation can make important contributions to Africa's development in the 1990s. With the Latin American countries, China, India and the South-East Asian countries showing promise of recovery in their economies, the potential for South/South cooperation needs to be more fully exploited, especially at the technological and commercial levels. Cooperation on research and development, joint ventures and human resources development also offers interesting prospects. Wherever possible, UNCTAD's analysis will aim at highlighting the potential for mutually beneficial cooperation, with a view to promoting Africa's greater integration into the global economy. Contacts between NGOs at the South/South level could give impetus to this effort.

(viii) Agriculture, rural development and food security

45. Increased productivity in agriculture, greater attention to rural development, policies aimed at achieving food security and greater self-reliance in food are also high on the African agenda. These issues naturally have implications for incomes, welfare and poverty, especially among women and children and in the rural areas where seasonal poverty strikes hard.

46. Food security and increased self-reliance in food are important issues in relation to diversification. There is need for African countries to review today's comparative advantages and boldly address the anomaly between persistent deficiencies in food production and surpluses in some export crops. This is one area where a bold approach is called for, in line with paragraph 54 of the Cartagena Commitment. These are legitimate issues for consideration in structural and sectoral adjustment programmes. Generally, however, UNCTAD's contribution will involve analyses (drawing on other sources) which aim to highlight some of the main issues by viewing them in the context of national and sectoral policies.

(ix) Trade, commodities and diversification

47. African countries have sought in recent years to generate some dynamism in export revenues through increased exports. However, declines in prices have cancelled out any achievements in real export value terms. Export volumes have risen but prices continue to fall and resources available in the various compensatory funds have clearly been inadequate to cover shortfalls. Meanwhile, resource scarcities have limited the scope for diversification, while market access problems for processed goods have posed a further threat of heightened disincentives to diversification.

48. In view of the high dependence of African countries, in particular, on raw material exports as the primary source of trade-generated resources, African countries will have to pay particular attention to this sector of their economies. It is pertinent to note in this regard that the United Nations Secretary-General's Expert Group on Africa's Commodity Problems, in their report 7/ (the Fraser Group Report) has recommended that each African Government: "Formulate within an overall development strategy, a commodity strategy ... and a comprehensive policy package to support this strategy". In elaborating further on their recommendations, the Fraser Group stressed that the development of the commodity strategy and the comprehensive policy package should be initiated and substantially coordinated by the African Governments themselves, although they could draw on assistance from international agencies and donors in the process.

49. The Cartagena Commitment (para. 195) repeats the call for comprehensive commodity sector policies in much the same words as the Fraser Group. For Africa, important features of such policies would be domestic policies and an institutional environment which would enhance competitiveness while promoting diversification and structural transformation.

50. Specific elements of these policies set out in the Cartagena Commitment also appeared in the Fraser Group Report. The international community could support the current efforts towards finding effective and lasting solutions to the problem of African commodities, especially by promoting and providing funding for diversification programmes in Africa, encouraging sectoral adjustment policies to balance supply with demand and promote market clearance, improving the existing schemes for compensating shortfalls in export earnings, and through the facilities provided under the Common Fund. In addition, and bearing in mind that a number of primary products on which Africa depends are in structural oversupply, there will be a need to address the question of rationalization of investment in these areas, so as to bring long-term demand and supply into balance on the basis of changing comparative advantage and price competitiveness. In this regard, the first part of paragraph 54 of the Cartagena Commitment is particularly relevant.

51. There is a need for urgent action relating to proposals for diversification of the commodities sector. 8/ Sufficient indications of action required can be found, inter alia, in the African Common Position on the report of the United Nations Secretary-General's Expert Group on African Commodity Problems, the Fraser Group Report itself, and in the Annex to the Final Review and Appraisal of the Implementation of UN-PAAERD. 9/ A diversification fund for Africa has also been proposed.

52. In order to support effectively the diversification of Africa's economies, greater efforts will be needed towards removal of tariff and non-tariff barriers affecting African exports, particularly of processed, semi-processed and manufactured products. In so doing, care should be taken that the preferences currently enjoyed by African products are not eroded. Within this context, the international community could support the efforts of African countries to strengthen their production and export capacity in the services sector, including through financial assistance.

53. These issues will be covered in the regular reports to the Trade and Development Board, drawing upon the work of its relevant Standing Committees which could be supplemented as necessary by specific studies.

(x) Trade

54. With regard to trade, while access to markets is important for many African countries' processed products, it will be equally important to stress actual marketing. The important distinction needs to be made between openness of markets and ability of African countries to take advantage of market opportunities where they exist. While considerable work is being done on the former, not enough attention has been given to strengthening African countries' capacities in marketing, market research and development, and market penetration. As African countries succeed with their sectoral adjustment programmes and begin to diversify their economies on a competitive basis, their ability to sell in a highly competitive global market will become a major determinant of success. In this connection, measures aimed at improving the efficiency of the marketing chain from the product design stage through processing, marketing, transportation and distribution to assessment of consumer response would be important. 10/ They must also be supported by policies that are integrated, mutually consistent, and reinforcing through all stages of the marketing chain.

55. There will be a need, therefore, to begin now to prepare the countries concerned for this stage. Already the International Trade Centre (ITC) has begun work in this area. The secretariat could reinforce its collaboration with ITC to produce general as well as specific studies on issues relating to marketing and market penetration. Studies on the characteristics or peculiarities of specific markets, for instance, would be helpful. At the same time, the secretariat's work on trade policy, structural adjustment and economic reforms as well as work on trade efficiency would continue to provide the necessary background material.

(xi) Solution to Africa's debt problem

56. Africa's external debt grew rapidly in the past decade. This situation has been accompanied by mounting debt-servicing difficulties despite implementation of several international initiatives. Africa's external debt rose in 1990 to nearly US$ 270 billion, with an external debt/GDP ratio of 90 per cent and a debt service ratio of 30 per cent. The debt burden constitutes a major bottleneck to recovery and progress and calls for innovative, forthright measures to solve it. The G-7 meeting in London in July 1991 agreed that Africa's debt problems deserved special attention. It also agreed on the need for relief measures well beyond the Toronto Terms.

The New Agenda envisages a number of measures to address the situation. The positions expressed in the Cartagena Commitment, especially paragraphs 101 to 103, are also relevant.

57. There is growing recognition among bilateral donors that it is essential to reduce substantially the debt stock, including through debt cancellation. Given the recent precedents in debt cancellation, the adoption of bolder measures and exceptional treatment on official and semi-official, private or commercial as well as multilateral debt of African countries along the lines envisaged by the General Assembly in the New Agenda 11/ would make a major contribution to the solution of Africa's debt problems in the 1990s.

58. UNCTAD's contribution to the implementation of the New Agenda will consist in providing the Trade and Development Board, in its regular reports, with reviews of progress in the adoption or implementation of these proposals with a view to keeping the international community informed on the evolution of solutions to Africa's debt problems.

(xii) Resource flows

59. During the UN-PAAERD period, bilateral ODA, broadly defined, to Africa in constant 1986 prices stagnated at between US$ 13.1 billion and US$ 13.9 billion. Net export credits fell by 50 per cent to US$ 1 billion in 1990 and net private flows other than from NGOs dropped from US$ 1.8 billion to US$ 1.4 billion. Resource flows from NGOs rose by US$ 600 million to US$ 1.6 billion during the period.

60. The New Agenda notes that donor countries recognize the need for complementary resources to support reforms and transformation programmes to which African countries have committed themselves and that, moreover, they have sought to act accordingly. Donors also affirmed in the New Agenda that, in spite of new needs in Western Asia and Central and Eastern Europe, and their own budgetary constraints, they remained committed to Africa.

61. The New Agenda estimates that a minimum of US$ 30 billion in ODA flows in 1992, rising by 4 per cent per annum on average, will be required to support the target growth rate. The World Bank, for its part, has estimated that, even assuming a 50 per cent increase in gross domestic savings, US$ 29 billion will still be required by 1995 to support the lower growth rates of 4 to 5 per cent postulated in their Long-term Perspective Study on Sub-Saharan Africa. This nominal gross financing requirement will imply a 4 to 5 per cent growth in ODA flows in real terms between 1990 and 1995, equivalent to 8 to 9 per cent a year in nominal terms. The World Bank has postulated that this could be achieved through a modest increase in the global aid budget and a 5 per cent shift in total ODA to 35 per cent in favour of Africa.

62. At the eighth session of the Conference, Member States of UNCTAD recognized that increased amounts will be needed to supplement developing countries' domestic savings on conditions which take account of their specific economic needs and country situations. They attached special importance to mobilization of external finance in the form of official flows as well as FDI; in addition, work on finding solutions to the debt problem was expected to continue.

63. The secretariat's regular reports to the Trade and Development Board will seek to follow developments in external resource flows to Africa and assess the extent to which these indications are being observed.

(xiii) Investment promotion (Foreign direct investment)

64. A number of countries have taken measures to improve the investment climate in recent years. These efforts need to be pressed further through continuous improvements in an environment that attracts foreign direct investment (FDI), induces the return of flight capital and promotes full participation of the enterprise sector as well as non-governmental organizations in the growth and development process. This should take place within a context of a people-centred approach to development.

65. Despite the significant measures taken by several African countries to improve the legislative and administrative as well as the policy environment, FDI to the region has been minimal. Latin America and the Caribbean and the Middle East, North Africa, and especially South-East Asia continue to attract most of the flows to developing countries.

66. This poses a dilemma for African countries and their development partners. Since the expectation of the private sector as the sector of growth in Africa cannot be fulfilled through domestic savings alone, how will Africa's private enterprise sector grow if international resource flows are only in the form of bilateral or multilateral flows to the public sector? What additional measures will African countries need to take in order to make the region more "attractive" to foreign private capital in an increasingly competitive, capital-short market? What for instance, in the foreign investor's view, are the hallmarks of a "friendly investment climate"? Are such perceptions constant or subject to shifts of opinion and why? What lessons may be drawn from studying capital formation in the more successful countries of South-East Asia and Latin America? What special measures, if any, can be taken in donor countries to encourage the flow of private capital to Africa?. How can contacts and communications with the enterprise sectors of capital-exporting countries be improved as a means of encouraging greater flows of FDI?

67. Although there have been a number of studies on the subject, within UNCTAD these have been at the global, general level. They have not focused in great depth on Africa and its specific problems. In order to assist capital-exporting countries and the African countries to gain a better appreciation of the problems and potentialities, it will be necessary to undertake an in-depth study addressing some of the questions raised above and taking existing studies as the point of departure. Such a study will require extrabudgetary support.

(xiv) Technology

68. Technology is a key to overall development. African countries attach considerable importance to issues such as access to technology, technology flows and investment, human resources development and their positive contribution in building up the capacity to absorb and adapt imported technology.

69. The UNCTAD contribution could consist of: (i) policy-oriented studies on the transfer and absorption of technology, innovation, research and development, and the factors that affect the capacity of African countries to acquire, adapt and improve imported technology; (ii) policy analyses of technology issues and their interrelationships with trade in goods and services, investment, finance and the environment; (iii) assessments of African countries' needs and requirements for building up their capacity to evaluate, select, negotiate, acquire and develop technology; (iv) providing support in the design of programmes for human resources development, including technical and managerial capabilities, having particular regard to new technologies, and to research and development activities.

(xv) The role of non-governmental organizations

70. The role of both African and non-African NGOs has been stressed in the New Agenda. In a number of programmes there will be need for greater involvement of NGOs and local organizations, especially the enterprise sector, from the formulation stage through to monitoring and assessment of implementation. Governments have the primary responsibility for programmes pursued in their various countries. However, the involvement of NGOs can impart relevance and give a wider sense of participation among beneficiaries. It could also ensure independent monitoring of programmes. Regular reports to the Trade and Development Board will, where information is available, cover the contribution of NGOs. Particular attention will be given to the interaction of both the foreign and local enterprise sectors on programmes being implemented.

(xvi) Follow-up, monitoring of and implementation of the New Agenda

71. The United Nations System is expected to play a major role in the implementation of the New Agenda. The United Nations organizations and specialized agencies are required to devise specific programmes for Africa which are consistent with the elements of the New Agenda and to devote adequate resources for their implementation. UNCTAD as a major economic organ of the United Nations will be expected to make major contributions in the areas mentioned above, in addition to generating the necessary political impulses on matters within its purview to be considered by other institutions.

72. Arrangements adopted by the United Nations General Assembly for the evaluation, assessment and monitoring of the United Nations New Agenda for the Development of Africa in the 1990s will have the following timetable:

1993 - The General Assembly will undertake preliminary consideration of the implementation of the New Agenda;

1995 - ECOSOC will devote part of its high-level segment to consideration of the implementation of the New Agenda;

1996 - The General Assembly will conduct a mid-term review of the implementation of the New Agenda;

1998 - ECOSOC will devote part of its high-level segment to the consideration of the implementation of the New Agenda;

2000 - The General Assembly will conduct a final review and assessment of the implementation of the New Agenda.

73. The basis for contributions by the intergovernmental machinery of UNCTAD to the implementation of the New Agenda will be the Secretary-General's report to the Trade and Development Board. On the basis of experience with UN-PAAERD, UNCTAD's contribution will be highly focused. Each report to the Trade and Development Board will, apart from general coverage, treat a particular issue of topical relevance for Africa and the international community.

74. The issue areas proposed in the suggested elements of the work programme of the Trade and Development Board up to 1996 are contained in document UNCTAD/PSM/CAS/414. It was agreed 12/ that the proposals contained in that document could serve as an indicative orientation for the work programme and as a point of departure for the formulation of future agenda of the Board for each session concerned, it being understood also that a draft provisional agenda for each session of the Board would be approved by the previous session. It may be further understood that, in preparing the agenda, due account would be taken of comments made by delegations as well as of additional topics listed in document UNCTAD/PSM/CAS/414/Add.1.

75. Other activities will include:

(a) proposing measures to enhance UNCTAD's contribution to the implementation of the New Agenda;

(b) preparing, as necessary, reports for consideration by the high-level segment of ECOSOC;

(c) preparing UNCTAD's intergovernmental inputs into the various reviews and assessments of the New Agenda by the United Nations General Assembly;

(d) providing substantive inputs into assisting in the drafting of the United Nations Secretary-General's analytical assessment of implementation, as required by paragraph 44 of the New Agenda;

(e) participation in various inter-agency activities relating to implementation of the New Agenda;

(f) substantive assistance to, and collaboration with, the ECA and OAU on various aspects of the implementation of the New Agenda.

(g) implementation of the UNCTAD section of the System-Wide Plan of Action for African Economic Recovery and Development (ref. para 63(2) of the Cartagena Commitment).

PART II

THE UNITED NATIONS SYSTEM-WIDE PLAN OF ACTION FOR AFRICAN ECONOMIC RECOVERY AND DEVELOPMENT

76. At its thirtieth session, the Committee for Programme and Coordination (CPC) recommended that the Secretary-General of the United Nations, as Chairman of the Administrative Committee on Coordination (ACC), should prepare a System-Wide Plan of Action for African Economic Recovery and Development and submit it to the thirty-second session of the Committee in 1992. This recommendation was later endorsed by both ECOSOC (1990/83) and the General Assembly. A draft of the framework of the plan of action was submitted to the CPC for review. After it had been endorsed by the CPC, the Secretary-General of the United Nations called on agencies and organizations to make their inputs into the plan. The UNCTAD secretariat has made its inputs to the draft System-Wide Plan of Action, which is now being finalized. Areas of intensified international cooperation for development, agreed upon during the Eighth Session of UNCTAD, include the United Nations System-Wide Plan of Action for African Economic Recovery and Development.

77. The System-Wide Plan of Action derives from African strategies for socio-economic development. It is also part of the medium-term plan for the period 1992-1997 relating to the Programme on African Economic Recovery and Development and Transformation.

78. The Plan identifies current and planned activities of all United Nations agencies and organizations involved in the economic recovery and development of Africa and focuses on additional actions which the agencies and organizations themselves are proposing to undertake in support of a renewed effort to achieve economic recovery and development in the region, as well as the estimated resources for these purposes.

79. In accordance with guidelines from the Organizational Committee of the Administrative Committee on Coordination, the strategy is flexible and will be reviewed in the light of changing circumstances. It will be monitored regularly and actions being taken by agencies and organizations will be assessed. Although agencies and organizations will report for monitoring purposes to their own intergovernmental bodies, there will also be a requirement for monitoring reports.

80. The UNCTAD secretariat will, in its regular reports to the Board, report on the main elements of the Plan of Action when it is finalized and its implementation within UNCTAD, as may be appropriate.

Notes

1/ See TD/B/1280 and TD/B/1280 Add.1 for fuller details of UNCTAD's assessment of the UN-PAAERD.

2/ See for instance, Memorandum by the ECA Conference of Ministers to the Ad Hoc Committee of the Whole of the General Assembly on the Final Review of the Implementation of UN-PAAERD Appraisal, 1986-1990.

3/ The General Assembly by resolution 64/151 unanimously adopted the New Agenda which was annexed to that resolution. Report of the Ad Hoc Committee of the Whole of the General Assembly on the Review and Appraisal of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 (A/46/41).

4/ Report of the United Nations Secretary-General's Expert Group on Africa's Commodity Problems, UNCTAD/EDM/ATFU/1, UNCTAD Geneva.

5/ Cartagena Commitment, para. 59.

6/ These consist, inter alia, of the African Charter of Peoples and Human Rights, the African Charter for Popular Participation in Development and Transformation and the Declaration of Heads of State and Government of the Organization of African Unity (OAU) at their 1990 Summit.

7/ Africa's Commodity Problems: Towards A Solution: UNCTAD/EDM/ATF.1.

8/ See part B, paras. 31-35 of the New Agenda.

9/ Report of the Secretary-General on the Implementation of Diversification in Africa at the national, subregional and regional levels with the support of the International Community (A/46/324/Add.1).

10/ Fraser Group Report.

11/ See Part B, para. 26 (a)-(f) of the New Agenda.

12/ Agreement was reached in the informal consultations of the Secretary-General of UNCTAD with Member States of the Bureau of the Trade and Development Board and Coordinators on 18 June 1992.